GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1390
ANSWERED ON:04.03.2016
Taxes on Ship Building Industry
Shekhawat Shri Gajendra Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the ship building industry is marred by heavy taxation and duties;

(b) if so, the details of taxes and duties imposed on ship building industry;

(c) whether there is any proposal to revise these taxes and duties in order to make the industry competitive and if so, the details thereof; and

(d) if not, the steps taken by the Government to reduce the burden on taxes and duties on ship building?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a): No.

(b): At present,

(i) ships, vessels, etc. are exempt from central excise duty.
(ii) raw materials and parts, for use in the manufacture of such ships, vessels, etc. are also exempt from central excise duty subject to actual user codition;
(iii) ships, vessels, etc. are exempt of customs (CVD) and additional duty of customs (SAD); and
(iv) raw materials and parts used in the manufacture of such ships, vessels, etc. are also exempt from BCD, CVD and SAD subject to actual user conditions.
(c): No.

(d): In November, 2015, the following indirect tax concessions were extended to domestic ship building industry:

(i) Exemption from central excise duties on raw material and parts for use in manufacture of ships/vessels/tugs and pusher craft, etc. subject to end use condition.
(ii) Simplification of procedure for manufacturing ships/vessels/tugs and pusher crafts, etc. by doing away the requirements related to custom bonded warehouses for availing the customs and excise duty exemptions and consequently making them subject to actual user conditions.
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